

Restore Digital Limited

Registered Number : 04624743 (England and Wales)

**Annual report and unaudited financial statements
For the year ended 31 December 2022**

SATURDAY



ACD4UK6G

A29

30/09/2023

#190

COMPANIES HOUSE

Restore Digital Limited
(Registered Number : 04624743)

CONTENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Page
Company Information	1
Strategic Report	2
Directors' Report	5
Statement of Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	10
Notes to the Financial Statements	11

Restore Digital Limited
(Registered Number : 04624743)

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2022

Directors	M Horrocks M D Killick J Hopkins N J Ritchie (resigned 1 September 2023)
Secretary	C Fussell (appointed on 20 March 2023) S L Waudby (resigned on 20 March 2023)
Secretary address	2nd Floor 7 - 10 Chandos Street London England W1G 9DQ
Registered number	04624743 (England and Wales)
Registered office	EDM House Village Way Bilston Wolverhampton England WV14 0UJ

Restore Digital Limited
(Registered Number : 04624743)

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors of Restore Digital Limited (the "Company") present their strategic report for the year ended 31 December 2022.

INTRODUCTION

The principal activity of the Company continued to be the provision of solutions and services in the digital transformation market including consultancy services, outsourced services and scanning services.

Restore Digital is part of the Restore plc group, a highly successful integrated business services company that is listed on the AIM.

Restore Digital is one of the UK leaders in secure outsourced document digitalisation and information processing services. Our services include:

- Large scale, business-critical document digitalisation
- Omnichannel digital mailroom services
- Cloud-based document management systems and storage, with automated workflows
- Record preservation and digital transformation consultancy
- Professional services, supporting digital transformation and business workflow.

REVIEW OF BUSINESS

For the year ended 31 December 2022, Restore Digital had an excellent year, benefitting from the successful integration of EDM Group Limited, acquired in 2021, incremental contract wins and expansion with existing customers through deepening the level of service provision.

During the year, revenues increased by £17.0m (76%) to £39.3m and operating profits increased by £2.7m to £4.2m delivered through an increase in higher margin services and additional scale driving efficiencies. The net current assets of the Company increased to reflect a position of £5.8m at 31 December 2022 up from £2.7m at 31 December 2021.

Looking forward, the Directors are of the opinion, that whilst the current operating environment remains challenging, the business is well set to navigate the current challenges and to focus on continuing to demonstrate strategic growth, as customers look to unlock the information in their physical records to support a digital transformation.

Restore Digital Limited
(Registered Number : 04624743)

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Company's strategy are subject to several risks. The key business risks that could affect the Company relate to the UK economy and wider operating environment, data security and Health Safety & Environment.

Risk from the state of the UK economy is mitigated in two ways. Firstly, by recent significant contract wins and secondly by the flexibility of cost base within the organisation.

Data security risk is mitigated by the company operating under stringent ISO and other closely managed and accredited processes. The processes underpinning compliance to certifications are internally and externally audited and compliance is a key business capability. The business maintains all appropriate accreditations in the industry and maintains adequate insurance for such risk.

Health, Safety & Environment risk is mitigated by ingrained training, accident reporting and management processes.

KEY PERFORMANCE INDICATORS

The Directors consider the following to be the key financial performance indicators:

Revenue: £39.27m (2021: £22.28m)

Gross Profit: £17.79 m (2021: £7.92m)

Operating Profit: £4.19m (2021: £1.53m)

SECTION 172(1) STATEMENT

Directors of a company must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- The likely consequences of any decisions in the long-term;
- The interests of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and environments;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between shareholders of the Company.

As part of their induction, Directors are briefed on their duties and they can access professional advice on these, either from the Company Secretary or, if they judge it necessary, from an independent adviser. It is important to recognise that in a large organisation such as ours, the Directors fulfil their duties partly through a governance framework that delegates day-to-day decision-making to employees of the Company.

Restore Digital Limited
(Registered Number : 04624743)

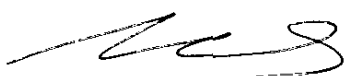
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

SECTION 172(1) STATEMENT (continued)

The following point summarise how the Directors fulfil their duties:

- **Risk management**, we provide business-critical services to our clients. As we grow, our business and our risk environment also become more complex. It is therefore vital that we effectively identify, evaluate, manage and mitigate the risks we face, and that we continue to evolve our approach to risk management.
- **Our people**, the Company is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, customers, investors, communities and society as a whole. People are at the heart of our services. For our business to succeed we need to manage our people's performance and develop and bring through talent while ensuring we operate as efficiently as possible.
- **Business Relationships**, our strategy is based on three core elements, organic growth, acquisitions and margin expansion. We need to develop and maintain strong customer relationships and we value all of our suppliers. The Company has a formal policy in place for new suppliers, which includes new suppliers contracting with and agreeing to Restore's terms of business. Existing supplier relationships are also periodically reviewed.
- **Community and Environment**, the Company's approach is to use our position of strength to create positive change for the people and communities with which we interact. We want to leverage our expertise and enable colleagues to support the communities around us.
- **Shareholders**, the Board is committed to openly engaging with our shareholders, as we recognise the importance of a continuing effective dialogue, whether with institutional investors, private, or employee shareholders. It is important to us that shareholders understand our strategy and objectives, so these must be explained clearly, feedback heard and any issues or questions raised properly considered.

ON BEHALF OF THE BOARD



M Horrocks
Director

Date: 28 September 2023

Restore Digital Limited
(Registered Number : 04624743)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

INTRODUCTION

The Directors present their report with the audited financial statements of Restore Digital Limited (the "Company") for the year ended 31 December 2022.

PRINCIPAL ACTIVITY

The principal activity of the Company continued to be the provision of solutions and services in the digital transformation market including consultancy services, outsourced services and scanning services.

DIVIDENDS

No dividends were declared for the current year (2021: £nil).

DIRECTORS

The Directors shown below have held office during the year from 1 January 2022 to the date of this report.

C E Bligh (resigned 6 July 2023)

M Horrocks

M D Killick (appointed 1 September 2023)

N J Ritchie (resigned 1 September 2023)

J Hopkins (appointed 15 August 2023)

GOING CONCERN

The Directors have adopted the going concern basis in preparing these financial statements. The Company has prepared forecasts for future years and these demonstrate that the Company has sufficient funds to operate for a period of at least 12 months from the approval of these financial statements. The Company also has the support of its ultimate parent company Restore plc.

SUBSEQUENT EVENTS

Information relating to subsequent events is given in note 19 of the financial statement.

POLITICAL CONTRIBUTIONS

The Company has not made any political donations or incurred any political expenditure during 2022 or 2021.

Restore Digital Limited
(Registered Number : 04624743)

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

EMPLOYEES

Restore Digital as an organisation is led by the people and colleagues within. We place their health and safety as our number one priority. All our colleagues are empowered to drive continuous improvement to move our business forward, specifically improving our already market leading services and service capability. Restore Digital regularly engages all colleagues across the business to make sure each and everyone has a voice and we maintain the balance of work and home life. We are an equality driven business and strive to offer opportunities to all.

ENERGY AND EMISSIONS REPORTING

The Company is exempt from the requirement to prepare an energy and emissions report as the Company is included in the group energy and emissions report of Restore plc.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

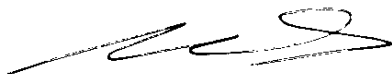
Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

The Directors acknowledge their responsibilities for:

- selecting suitable accounting policies and then apply them consistently;
- stating whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- making judgements and accounting estimates that are reasonable and prudent; and
- preparing the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

ON BEHALF OF THE BOARD



M Horrocks
Director

Date: 28 September 2023

Restore Digital Limited
(Registered Number : 04624743)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
Turnover	3	39,275	22,281
Cost of Sales		(21,488)	(14,360)
Gross Profit		17,787	7,921
Distribution costs		(287)	(203)
Administrative expenses		(11,960)	(4,709)
Amortisation of intangible assets		(1,346)	(1,482)
Operating Profit	4	4,194	1,527
Exceptional items	5	(413)	(163)
Interest payable and similar expenses	7	3,781 (376)	1,364 (83)
Profit before taxation		3,405	1,281
Tax on profit	8	(1,006)	(341)
Profit for the financial year		2,399	940
Total comprehensive income for the year		2,399	940

There are no components of other comprehensive income.

The notes on pages 11 to 26 form part of these financial statements.

Restore Digital Limited
(Registered Number : 04624743)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022	2021
		£'000	£'000
FIXED ASSETS			
Intangible assets	9	3,262	4,587
Tangible assets	10	2,478	1,830
Investments	11	935	770
		<hr/>	<hr/>
TOTAL NON - CURRENT ASSETS		6,675	7,187
 CURRENT ASSETS			
Debtors	12	17,696	10,816
Cash at bank and in hand		6,655	3,487
		<hr/>	<hr/>
TOTAL CUURENT ASSETS		24,351	14,303
 CREDITORS			
Amounts falling due within one year	13	(18,509)	(11,625)
		<hr/>	<hr/>
NET CURRENT ASSETS		5,842	2,678
 TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 12,517	<hr/> 9,865
 NET ASSETS		<hr/> 12,517	<hr/> 9,865
 CAPITAL AND RESERVES			
Called up share capital	15	100	100
Other reserves	16	(690)	(943)
Retained earnings	16	13,107	10,708
		<hr/>	<hr/>
TOTAL SHAREHOLDERS' FUNDS		<hr/> 12,517	<hr/> 9,865

Restore Digital Limited
(Registered Number : 04624743)

STATEMENT OF FINANCIAL POSITION (continued)
AS AT 31 DECEMBER 2022

The Company is entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies for the year ended 31 December 2022.

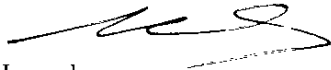
The members have not required the Company to obtain an audit of its financial statements for the year ended 31 December 2022 in accordance with Section 476 of the Companies Act 2006.

The Directors acknowledge their responsibilities for:

- (a) ensuring that the Company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the Company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the Company.

The notes on pages 11 to 26 form part of these financial statements.

The financial statements on pages 11 to 26 were approved by the board of directors on 28 September 2023 and were signed on its behalf by:



M Horrocks
Director

Restore Digital Limited
(Registered Number : 04624743)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital £'000	Other Reserves £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2021	100	(1,059)	9,768	8,809
Profit for the year	-	-	940	940
Share based payments	-	116	-	116
Balance at 31 December 2021	100	(943)	10,708	9,865
Profit for the year	-	-	2,399	2,399
Share based payments	-	253	-	253
Balance at 31 December 2022	100	(690)	13,107	12,517

The notes on pages 11 to 26 are an integral part of the financial statements.

Restore Digital Limited
(Registered Number : 04624743)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1 STATUTORY INFORMATION

Restore Digital Limited is a private company, limited by shares, registered and incorporated in England and Wales. The Company's registered number and registered office address can be found on the Company Information page.

2 ACCOUNTING POLICIES

2.1 Basis of preparing the financial statements

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements have been prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102")* and the Companies Act 2006. The financial statements have been prepared under historical cost convention, with the accounting policies as set out below being applied consistently, unless otherwise stated.

The financial statements are presented in sterling which is also the functional currency of the Company. All amounts in the financial statement have been rounded to the nearest £1,000.

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The financial statements contain information about Restore Digital Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as its subsidiary undertaking is included by full consolidation in the consolidated financial statements of its parent, Restore plc.

In these financial statements, the Company is considered to be a qualifying entity (for the purpose of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Restore plc include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 Share-based Payments; and
- Certain disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these financial statements.

Restore Digital Limited
(Registered Number : 04624743)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

2 ACCOUNTING POLICIES (CONTINUED)

2.3 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Valuation of work in progress

Accrued income represents the value of work performed on contracts which has not been billed as of the balance sheet date. The valuation is based on review of the type of contract and its stage of completion in each job, together with estimates of the additional costs likely to be incurred in completing the contract and realising the consideration.

Useful economic lives of intangible and tangible assets

The annual depreciation and amortisation charges for tangible and intangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

2.4 Going Concern

The Directors have adopted the going concern basis in preparing these financial statements. The Company has prepared forecasts for future years and these demonstrate that the Company has sufficient funds to operate for a period of at least 12 months from the approval of these financial statements. The Company also has the support of its ultimate parent company Restore plc.

2.5 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income.

Restore Digital Limited
(Registered Number : 04624743)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

2 ACCOUNTING POLICIES (CONTINUED)

2.6 Financial liabilities and equity

In accordance with FRS 102 section 22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

2.7 Financial instruments

The Company has elected to apply the provisions of Sections 11 and 12 of FRS 102, in full, to all of its financial instruments. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Investments in subsidiaries

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. Interests in subsidiaries are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in Statement of Comprehensive Income.

Restore Digital Limited
(Registered Number : 04624743)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

2 ACCOUNTING POLICIES (CONTINUED)

2.7 Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances.

2.8 Goodwill

Goodwill representing the excess of the consideration for an acquired undertaking, or acquired trade and assets, compared with the fair value of net assets acquired is capitalised and written off evenly over 10 years as in the opinion of the Directors this represents the period over which the goodwill is expected to give rise to economic benefits. Goodwill is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

2.9 Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Customer relationships	Straight line over 10 years
Computer software	Straight line over 4 years

2.10 Tangible fixed assets

Fixed assets are stated at historical cost less accumulated depreciation and impairment losses. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property	2-5% straight line
Plant and machinery	5-10% straight line
Fixtures and fittings	10-33% straight line
Motor vehicles	25% on cost

The carrying amount of an item of property, plant and equipment is derecognised on disposal; or when no future economic benefits are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in Statement of Comprehensive Income when the item is derecognised.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Restore Digital Limited
(Registered Number : 04624743)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

2 ACCOUNTING POLICIES (CONTINUED)

2.11 Impairment excluding investment properties and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in Statement of Comprehensive Income. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than investment property, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Restore Digital Limited
(Registered Number : 04624743)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

2 ACCOUNTING POLICIES (CONTINUED)

2.11 Impairment excluding investment properties and deferred tax assets (continued)

Non-financial assets (continued)

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in Statement of Comprehensive Income. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis. An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.12 Revenue recognition

Revenue is measured as the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT, returns, rebates and after eliminating intra-group sales. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity. Revenue is recognised based upon the value of work completed in the period.

The total turnover of the Company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

2.13 Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Restore Digital Limited
(Registered Number : 04624743)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

2 ACCOUNTING POLICIES (CONTINUED)

2.13 Taxation (continued)

Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in Statement of Comprehensive Income, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.14 Employee benefits

Defined contribution plans and other long-term employee benefits

The Company operates a defined contribution pension scheme. Contributions payable to the Company's pension scheme are charged to Statement of Comprehensive Income in the year to which they relate.

Share-based payment transactions.

The fair value of providing Restore plc share options to subsidiary company employees is charged to the profit and loss account and credited to Other Reserves of the employing subsidiary over the vesting period of the option.

2.15 Interest receivable and interest payable

Interest is recognised as interest accrues using the effective interest method.

2.16 Exceptional items

Transactions in the year that are deemed to be exceptional by nature are disclosed separately on the face of the statement of comprehensive income as an aggregate total.

2.17 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

Restore Digital Limited
(Registered Number : 04624743)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

2 ACCOUNTING POLICIES (CONTINUED)

2.18 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

2.19 Distributions to equity holders

Dividends and other distributions to Company's shareholders are recognised as a liability in the financial statements in the year in which the dividends and other distributions are approved by the Company's shareholders. These amounts are recognised in the Statement of Changes in Equity.

3 REVENUE

The Company's turnover arises from Digitalisation of data and automated workflows.

Revenue by geographical area:

	2022 £'000	2021 £'000
United Kingdom	39,275	22,281
	39,275	22,281
	39,275	22,281

Revenue by activity:

	2022 £'000	2021 £'000
Scanning revenue	32,940	12,432
Project revenue	3,804	1,264
Support revenue	1,355	2,618
Storage revenue	661	2,682
Others	515	3,285
	39,275	22,281
	39,275	22,281

Restore Digital Limited
(Registered Number : 04624743)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

4 OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2022	2021
	£'000	£'000
Depreciation - owned assets	616	586
Goodwill amortisation	1,177	731
Customer relationship amortisation	169	632
Computer software amortisation	112	120
Foreign exchange differences	(6)	(9)

5 EXCEPTIONAL ITEMS

	2022	2021
	£'000	£'000
Cost of reorganisation	413	163

During the year, the Company incurred exceptional costs of £413k relating to restructuring of the business following the acquisition of EDM Group Limited, a fellow group undertaking.

6 EMPLOYEES AND DIRECTORS

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	2022	2021
	No.	No.
Directors	2	1
Administration and office	139	72
Management	50	40
Production	670	393
	861	506

Restore Digital Limited
(Registered Number : 04624743)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

6 EMPLOYEES AND DIRECTORS (CONTINUED)

The aggregate payroll costs of these persons were as follows:

	2022	2021
	£'000	£'000
Wages and salaries	22,922	11,787
Social security costs	1,436	1,048
Other pension costs	388	283
	24,746	13,118
	24,746	13,118

Directors' remuneration

	2022	2021
	£'000	£'000
Directors' remuneration	176	153
Directors' pension contributions to money purchase schemes	18	18
	194	171
	194	171

7 INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£'000	£'000
Interest on intercompany loans	58	83
Other finance charges	318	-
	376	83
	376	83

Restore Digital Limited
(Registered Number : 04624743)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

8 TAX ON PROFIT

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2022 £'000	2021 £'000
UK corporation tax	635	448
Deferred tax	371	(107)
Tax charge on profit	1,006	341

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower (2021: lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2022 £'000	2021 £'000
Profit before tax	3,405	1,281
Profit before tax multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	647	502
Effects of:		
Expenses not deductible for tax purposes	2	12
Depreciation in excess of capital allowances	22	13
Super deduction	(78)	-
Goodwill amortisation	224	-
Intangibles amortisation	32	-
Share based payments	51	-
Exceptional	12	-
Adjustment to tax charge in respect of previous periods	5	(19)
Tax rate changes	89	(167)
Total tax charge	1,006	341

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021.

Restore Digital Limited
(Registered Number : 04624743)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

9 INTANGIBLE ASSETS

	Goodwill	Customer relationship	Computer software	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2022	13,550	1,675	916	16,141
Additions	-	-	133	133
Disposals	-	-	(260)	(260)
At 31 December 2022	13,550	1,675	789	16,014
Accumulated amortisation				
At 1 January 2022	10,018	764	772	11,554
Amortisation for the year	1,177	169	112	1,458
Disposals	-	-	(260)	(260)
At 31 December 2022	11,195	933	624	12,752
Net book value				
At 31 December 2022	2,355	742	165	3,262
At 31 December 2021	3,532	911	144	4,587

Restore Digital Limited
(Registered Number : 04624743)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

10 TANGIBLE FIXED ASSETS

	Improvements to property £'000	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 January 2022	1,217	2,154	2,752	68	6,191
Additions	39	157	1,091	-	1,287
Disposals	(27)	(62)	(730)	-	(819)
At 31 December 2022	1,229	2,249	3,113	68	6,659
Accumulated depreciation					
At 1 January 2022	484	1,560	2,249	68	4,361
Charge for the year	105	204	307	-	616
Disposals	(14)	(54)	(728)	-	(796)
At 31 December 2022	575	1,710	1,828	68	4,181
Net book value					
At 31 December 2022	654	539	1,285	-	2,478
At 31 December 2021	733	594	503	-	1,830

11 INVESTMENTS

	Shares in group undertakings £'000
NET BOOK VALUE	
At 31 December 2021	770
Additions during the year	165
At 31 December 2022	935

The additions during the year relate to deferred consideration in respect of the acquisition of Capture All Limited on 30 November 2021.

Restore Digital Limited
(Registered Number : 04624743)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

11 INVESTMENTS (CONTINUED)

On 30 November 2021, Capture All Limited was acquired by Restore Digital.

Name	Registered office address	Registered number	Class of shares held	Number of shares	% ownership
Capture All Limited	Unit 2 Forbes Court, Middlefield Industrial Estate, Falkirk, Scotland FK2 9HQ	SC202088	Ordinary	10,002	100%

12 DEBTORS

	2022	2021
	£'000	£'000
Trade debtors	5,647	2,549
Amounts owed by group undertakings	8,505	6,637
Other debtors	3,221	936
Deferred tax asset	323	694
	<u>17,696</u>	<u>10,816</u>
Deferred tax asset:		
Accelerated capital allowance	256	596
Tax losses carried forward	65	-
Short term timing difference	-	98
	<u>321</u>	<u>694</u>

Included in amounts owed by group undertakings are loans and current account balances that carry no fixed repayment terms and are repayable on demand.

Restore Digital Limited
(Registered Number : 04624743)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

13 CREDITORS

AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£'000	£'000
Trade creditors	5,874	2,180
Amounts owed to group undertakings	4,848	6,909
Other taxation and social security	4,168	770
Other creditors	3,619	1,766
	18,509	11,625
	18,509	11,625

Included in amounts owed to group undertakings are loans that carry no fixed repayment terms and are repayable on demand.

14 LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

Particulars	2022	2021
	£'000	£'000
Within one year	241	441
Between one and five years	423	642
More than five years	212	189
Total	876	1,272
	876	1,272

15 CALLED UP SHARE CAPITAL

Particulars	2022	2021
	£'000	£'000
Allotted, issued and fully paid		
100,000 shares at £1 each (2021 : 100,000)	100	100
Total	100	100
	100	100

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

Restore Digital Limited
(Registered Number : 04624743)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

16 RESERVES

Retained Earnings represents profit accrued to date. Other Reserves represents the Capital Reserve fund.

The fair value of providing Restore plc share options to subsidiary company employees is credited to Other Reserves of the employing subsidiary over the vesting period of the option.

17 CONTINGENT LIABILITIES

The Company has entered into a bank cross guarantee with other Restore Plc group companies. The guarantee amounts to £105.5m at 31 December 2022 (2021: £100.8m). Following a new group bank facility being put in place on 18 January 2022. This guarantee was released. The assets of the Company are pledged as security for the bank borrowings, by way of a fixed and floating charge.

18 ULTIMATE PARENT COMPANY AND PARENT COMPANY OF LARGER GROUP

At 31 December 2022, the immediate parent company was Restore Group Holdings Ltd and the ultimate parent company was Restore plc. Restore plc is a company registered in England and Wales, whose shares are listed on the AIM.

Consolidated financial statements of Restore plc can be obtained by writing to the registered office situated at The Databank, Unit 5 Redhill Distribution Centre, Salbrook Road, Redhill, Surrey RH1 5DY or can be downloaded from the Restore plc website. This is the smallest and largest group for which consolidated accounts are prepared.

19 SUBSEQUENT EVENTS

No material events have occurred up to the date of statement of financial position date which would affect the financial statements of the Company.